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BIWEEKLY REPORT

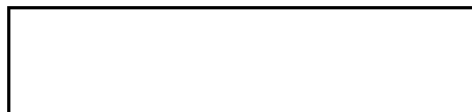
SINO-SOVIET BLOC ECONOMIC ACTIVITIES IN UNDERDEVELOPED AREAS

EIC-WGR 1/51

20 January 1958

**PREPARED BY THE WORKING GROUP
ON SINO-SOVIET BLOC ECONOMIC ACTIVITIES
IN UNDERDEVELOPED AREAS**

ECONOMIC INTELLIGENCE COMMITTEE



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These biweekly reports on "Sino-Soviet Bloc Economic Activities in Underdeveloped Areas" are prepared and issued by a Working Group of the Economic Intelligence Committee, including representatives of the Departments of State, the Army, the Navy, the Air Force, Commerce, and Agriculture; the International Cooperation Administration; the Office of the Secretary of Defense; and the Central Intelligence Agency. Their purpose is to provide up-to-date factual information on significant developments in the economic relations of Sino-Soviet Bloc countries with underdeveloped countries of the Free World. The EIC-R-14 series of reports, under the same title, provide periodic summaries and analytical interpretations of these developments.

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Summary of Events
3 - 16 January 1958

Heavy pressure exerted by the USSR on Indonesia to accept ships and military equipment for use in the present emergency is the most significant development affecting the economic relations between the Sino-Soviet Bloc and the underdeveloped countries of the Free World during the period 3 - 16 January 1958. [REDACTED]

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Since August 1957, Brazilian officials have become increasingly interested in the possibility of expanding trade with the Soviet Bloc. Although the Bloc has thus far shown only a limited interest in Brazil's major export, coffee, and although Bloc offers of large-scale trade have been vague, the timing and rumored size of the offers have nevertheless kindled a widespread interest in the expansion of economic relations with the Bloc among important segments not only of the Brazilian government but also of the general public. Argentina also has shown definite interest in the expansion of trade with the Bloc, stimulated in part by reports of a Soviet offer to Argentina of petroleum products at favorable prices.

Communist China has for the first time extended economic assistance in the form of loans to underdeveloped countries of the Free World. Instead of making grants as in the past, Communist China has signed agreements to lend Yemen \$16 million and Burma \$4.2 million and has offered Indonesia a loan of \$20 million.

India will receive a loan of \$24 million to \$30 million for its foundry project at Ranchi in Bihar State, according to an agreement recently signed with Czechoslovakia. The loan will cover the entire foreign exchange costs of the plant.

A four-man Soviet commission arrived in Tehran in December to discuss the joint development of the Hari (Tedzhen) River, which forms a part of the northeastern border of Iran adjoining Afghanistan and the USSR.

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Under an agreement signed with the Afghan government on 7 January 1958, the Soviet organization Technoexport will survey northern Afghanistan for oil deposits. The agreement formalizes the general Afghan-Soviet pact signed on 30 July 1957, in which the USSR agreed to provide equipment and technical assistance for the petroleum exploration program of Afghanistan.

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